

STATE OF COLORADO

EXECUTIVE CHAMBERS

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Bill Ritter Jr.
Governor

May 27, 2010

Senator Moe Keller, Vice Chair
Joint Budget Committee
200 East 14th Avenue, 3rd Floor
Denver, CO 80203

Representative Pommer:

On May 5, 2010, I received your letter requesting information from the departments associated with the passage of the FY 2010-11 Long Bill. Since the receipt of your letter, I have requested the departments evaluate each request for information to determine which requests could be reasonably completed within the timeframe requested. To the extent that the information can be compiled without jeopardizing the operation of the executive branch or the delivery of governmental services, I am directing the departments to provide the information requested by the Joint Budget Committee. However, below are twenty-two (22) requests for which I am providing additional direction for compliance for various reasons.

REQUESTS FOR INFORMATION

- 1. Request for Information 1, page 2: All Departments, Totals** – Every department is requested to submit to the Joint Budget Committee, by November 1, 2010, information on the number of additional federal and cash funds FTE associated with any federal grants or private donations that are applied for or received during FY 2010-11, and that are not otherwise included in the Long Bill.

Comply to the extent resources allow. Due to the substantial resources needed to compile the requested information and other department priorities, I am directing the departments to comply to the extent to which information can be provided without adversely impacting the operation of the executive branch or the delivery of governmental services by November 1, 2010.

- 2. Request for Information 4, pages 2-3: Governor-Lieutenant Governor-State Planning and Budgeting; Office of State Planning and Budgeting; and Department of Personnel and Administration, Division of Human Resources, Human Resource Services** – The Department shall comply with the statutory provisions of Section 24-50-110 (1) (d), C.R.S.,

and is requested to provide other state departments with the information necessary to comply with this statute. The Office of State Planning and Budgeting and the Department of Personnel are requested to work with the departments to improve the timeliness and accuracy of information about state personnel. Improvements, at a minimum, should include: updating personnel information on a centralized computerized data base; accurate reporting of filled FTE positions; number of reclassifications that are approved, turnover rates by agency; tracking of FTE positions funded to FTE positions filled; an accurate count of part-time and temporary FTE positions; and elimination of unused FTE positions. The Department and the Office of State Planning and Budgeting are requested to submit a consolidated statewide personnel report to the General Assembly by September 1, 2010. This report should include, by line item and Department, a summary of vacant positions, the length of time each position has been vacant, and the number of reclassifications that were approved in FY 2009-10. In addition, the report should include reconciliation between personal services appropriations and actual expenditures for FTE, state temporaries, sick/annual leave payout, and other personal services by division.

Comply to the extent resources allow. Due to the substantial amount of resources necessary to comply with this requests that may result in other work not being completed, I am directing the Departments to comply to the extent feasible no later than November 1, 2010.

3. **Request for Information 5, page 3: Department of Corrections, Management, External Capacity Subprogram, Payments to House State Prisoners** – The Department of Corrections is requested to require private prison providers to break-out their respective operating expenses and capital construction costs in the invoices that they submit to the Department for housing Colorado inmates. The Department of Corrections is requested to submit a report to the Joint Budget Committee by November 1, 2010, summarizing this information for each of the private prison providers reimbursed from the External Capacity Subprogram.

Do not comply. Private prison providers are private contractors, neither the Department nor the State have control over the availability of the requested financial information or the timing with which these contractors provide information that may be requested. The information has been requested in FY 2007-08, FY 2008-09, and FY 2009-10, but the Department has not been able to obtain the information as requested, therefore I am directing the Department not to comply.

4. **Request for Information 7 page 3: Department of Corrections, Institutions, Youthful Offender System Subprogram** – The Department of Corrections is requested to submit a report to the Joint Budget Committee by November 1, 2010, justifying the ongoing need for the Youthful Offender System. The report is requested to summarize the cost effectiveness of

the program, including the cost per offender, taking into consideration drop-out rates and recidivism rates for the program.

Comply with modifications. In previous years the Department has provided justification for the Youthful Offender System Subprogram. Therefore, I am directing the Department to provide only the cost per offenders, and cost effectiveness of the program by November 1, 2010.

5. **Request for Information 12, page 4: Governor - Lieutenant Governor - State Planning and Budgeting, Office of Information Technology, Statewide Information Technology Services, Colorado Benefits Management System** – The Department is requested to submit a summary of change request activity related to the Colorado Benefits Management System. This summary should include the number of change requests completed, the number in progress, and the number that have been submitted but not yet started. Change requests requiring the expenditure of more than fifty thousand dollars (\$50,000) should be described in detail. The report should be provided to the Joint Budget Committee annually on or before November 1.

Comply with modifications. Providing this report and requested detail requires substantial resources; therefore, I am directing the Office of Information Technology to provide a summary table of the Colorado Benefits Management System change requests and then to provide detailed information on those change request requiring expenditures of greater than \$50,000 that are specifically requested by Joint Budget Committee staff.

6. **Request for Information 15, page 5: Department of Health Care Policy and Financing, Medicaid Mental Health Community Program, Mental Health Capitation Payments** – The Department is requested to provide a report to the Joint Budget Committee by December 1, 2010 recommending benefit or service reductions to Medicaid Mental Health programs in order to achieve a \$2,200,000 total fund savings between January 2011 and June 2011. In the report, the Department is requested to provide the following information:
- (1) Cost estimates for each of the benefit or service changes recommended;
 - (2) Input from the behavioral health organizations on how such benefit and service reductions will be implemented;
 - (3) A description of any involvement that mental health advocacy groups had in providing input on the benefit or service changes recommended; and
 - (4) An analysis of whether rate reductions could be enacted within the actuary sound range in lieu of benefit or service reductions recommended or in combination therewith.

Comply with modifications. In my budget balancing packages from August and December 2009 as well as my executive budget request, I provided a plan to reduce funding for mental health services through a series of specific provider rate reductions.

However, I am directing the Department to comply with modifications in coordination with the Office of State Planning and Budgeting, with input from the behavioral health organizations, to determine how to manage to the appropriation while ensuring services are maintained.

7. **Request for Information 18, page 5: Department of Health Care Policy and Financing, Services for Old Age Pension State Medical Program Clients** – The Department is requested to inform the Joint Budget Committee of any planned reimbursement increases for the program prior to presentation to the Medical Services Board.

Comply with modifications. I am directing the Department to advise the Joint Budget Committee of any increases to Old Age Pension State Medical Program reimbursement rates approved by the Board.

8. **Request for Information 19, page 5: Department of Health Care Policy and Financing, Other Medical Services, Public School Health Services** – The Department is requested to submit a report by November 1 of each year to the Joint Budget Committee on the services that receive reimbursement from the federal government under the S.B. 97-101 public school health services program. The report should include information on the type of services, how those services meet the definition of medical necessity, and the total amount of federal dollars that was distributed to each school under the program. The report should also include information on how many children were served by the program.

Comply with modifications. Services provided pursuant to S.B 97-101 public school health services program do not change from year to year. The Department has provided this information in the past; therefore, I am directing the Department to provide only information concerning the number of children served and the amount of federal funds received and distributed to each school under the program.

9. **Request for Information 20, page 5-6: Department of Higher Education, Colorado Commission on Higher Education, Administration** – The Department should continue its efforts to provide data on the efficiency and effectiveness of state financial aid in expanding access to higher education for Colorado residents. The Department is requested to provide to the Joint Budget Committee by January 1 of each year an evaluation of financial aid programs, which should include, but not be limited to: 1) an estimate of the amount of federal, institutional, and private resources (including tax credits) devoted to financial aid; 2) the number of recipients from all sources; 3) information on typical awards; and 4) the typical debt loads of graduates. To the extent possible, the Department should differentiate the data based on available information about the demographic characteristics of the recipients. To the extent that this information is not currently available, the Department is

requested to provide a reasonable estimate, or identify the additional costs that would be associated with collecting the data.

Comply to the extent feasible. Neither the Department nor institutional financial aid offices collect information on tax credits from students receiving financial aid. Due to the substantial workload necessary to gather this information, by researching national data, I am directing the Department to comply to the extent feasible.

- 10. Request for Information 21, page 6: Department of Higher Education, Colorado Commission on Higher Education, Administration** – The Department is requested to submit a report to the Joint Budget Committee by January 1 each year documenting the base level of institutional financial aid at each institution and demonstrating that at least 20 percent of any increase in undergraduate resident tuition revenues in excess of inflation is being devoted to need-based financial assistance pursuant to Section 23-18-202 (3) (c), C.R.S.

Comply to the extent feasible. Senate Bill 10-003(Morse/Middleton) concerning higher education flexibility was passed by the General Assembly, and if enacted will repeal the requirement that at least 20 percent of any increase in undergraduate resident tuition increases above inflation be allocated to need based financial aid. Although this requirement would no longer exist beginning in FY 2010-11, the governing boards, if designated as TABOR Enterprises, were held to this requirement in FY 2009-10 and this data should be reported to the Joint Budget Committee on January 1. However, if I sign SB10-003, this is the last year that this RFI should be included.

- 11. Request for Information 23, page 6: Department of Human Services, Office of Operations; Department Totals** – The Department is requested to examine its cost allocation methodology and report its findings to demonstrate that all state-wide and departmental indirect costs are appropriately collected and applied. The Department is requested to submit a report to the Joint Budget Committee on or before November 15, 2010, that should include: (1) Prior year actual indirect costs allocated by division and corresponding earned revenues by type (cash, reappropriated, and federal); (2) the amount of such indirect costs applied within each division and to Department administration line items in the Executive Director's Office, Office of Operations, and Office of Information Technology Services; (3) a comparison between indirect amounts applied and the amounts budgeted in the Long Bill; and (4) a schedule identifying areas in which collections could potentially be increased and a description of the obstacles to such increases where the discrepancy between the potential and actual collections is \$50,000 or more.

Comply with modifications. The Department has provided this information in prior years; therefore, I am only directing the Department to comply with this request for information if and when the cost allocation methodology has changed from prior years.

- 12. Request for Information 27, page 7: Department of Human Services, Division of Child Welfare, Title IV-E Related County Administrative Functions** – The Department is requested to provide a report, by January 15, 2011 that addresses the Department's recommendations for maximizing the collection of revenue authorized under Title IV-E of the federal Social Security Act. The recommendations should address executive initiatives to maximize revenue, any proposals for statutory change to Section 26-1-111 (2) (d) (II) (C), C.R.S., how this line item is being used to promote Title IV-E collections, and the Department's assessment of whether ongoing General Fund support for a Title IV-E Related County Administrative Functions line item is warranted.

Comply with modifications. The Department is requested to propose statutory and budgetary changes as well as an assessment of General Fund needed to support the Title IV-E Related County Administration Functions line item outside of the executive budget process; therefore, I am directing the Department to comply with this request for information by including it in the January 3, 2011, supplemental/budget amendment request, if applicable.

- 13. Request for Information 28, page 7: Department of Human Services, Division of Child Care, Child Care Assistance Program** – The Department is requested to submit a report to the Joint Budget Committee by October 1, 2010 concerning the Child Care Assistance Program. The report is requested to address whether the Department, after consultation with counties and other interested parties, would recommend that eligibility for this program and/or provider reimbursement rates be set by the State. This recommendation could include eligibility/reimbursement rates that vary by region (metro, rural, mountain resort), even if they were set by the state. The Department is requested to include in the report: (1) an analysis of the programmatic and fiscal implications of such a change on program participants, providers, counties and state government; (2) how any recommended changes might be phased-in; and (3) what statutory modifications would be required. The report is requested to take into account the results of the State Auditor's Office audit of the Child Care Assistance Program required pursuant to H.B. 07-1062.

Comply with modifications. The Department is requested to include policy changes including eligibility and/or provider reimbursement rates that may have a budgetary impact; therefore, I am directing the Department to comply with this request for information by including it in the November 1, 2010 FY 2011-12 budget request, if applicable.

- 14. Request for Information 31, page 8: Department of Human Services, Services for People with Disabilities, Community Services for People with Developmental Disabilities, Program Costs, Early Intervention Services for 2,176 General Fund**

resources – The Department is requested to notify the Joint Budget Committee before implementing any cost containment strategy expected to result in a decrease in the number of people eligible for early intervention services. The notification should include discussion of alternative strategies, including but not limited to provider rate reductions and increasing payments from non-General Fund sources, and an estimate of the cost of serving the projected population without reducing eligibility.

Comply with modifications. I am directing the Department to address cost containment strategies for FY 2010-11 in a report to the Joint Budget Committee by January 15, 2011.

- 15. Request for Information 40, page 9: Department of Natural Resources, Parks and Outdoor Recreation** – The Division of Parks and Outdoor Recreations is requested to provide the Joint Budget Committee with a report on division sources of revenue as well as the expenditures of revenues by revenue type. The report should provide an analysis of lottery funds used for operations and capital projects. The report is requested to be submitted by September 1, 2010.

Comply to the extent feasible. Final FY 2009-10 accounting reports should be available in August 2010; however, due to other Department priorities, I am directing the Department to comply by November 1, 2010.

- 16. Request for Information 43, page 10: Department of Public Health and Environment, Center for Health and Environmental Information, Health Statistics and Vital Records** – The Department is requested to submit a report to the Joint Budget Committee by January 3, 2011 on the medical marijuana registry program. This report should estimate the appropriations and the FTE that the Department requires during Fiscal Years 2010-11 and 2011-12 to perform its statutory duties under Colorado's medical marijuana laws. The report should include data that supports these estimates.

Comply with modifications. I am directing the Department to request, for my consideration, a FY 2011-12 decision item for the ongoing operating and personnel costs for this program. If I approve the decision item, I will include it in the FY 2011-12 budget request to be submitted to the General Assembly on November 1, 2010. If personnel or funds are needed in FY 2010-11, I am directing the Department to request, for me to consider for inclusion in the January 3, 2011, FY 2010-11 supplemental request.

- 17. Request for Information 44, page 10: Department of Public Health and Environment, Air Pollution Control Division** – The Department is requested to submit a report on the Air Pollution Control Division. This report is requested to include a summary of the Division's current and anticipated workload, including the impact of existing and proposed federal and

state program requirements, as well as the associated funding and staffing needs. This report is requested to include information on the upcoming fiscal year and out-years. The Department is requested to submit this report to the Joint Budget Committee by November 1, 2010.

Comply with modifications. I am directing the Department to provide information concerning the impact of federal and state program requirements, associated staff, and funding only if those components have changed from the prior year's report. I am also directing the Department to provide a summary report of the Division's current and anticipated workload.

- 18. Request for Information 45, page 10: Department of Public Health and Environment, Water Quality Control Division** – The Department is requested to submit a report on the Water Quality Control Division. This report is requested to include a summary of the Division's current and anticipated workload, including the impact of existing and proposed federal and state program requirements, as well as the associated funding and staffing needs. This report is requested to include information on the upcoming fiscal year and out-years. The Department is requested to submit this report to the Joint Budget Committee by November 1, 2010.

Comply with modifications. I am directing the Department to provide information concerning the impact of federal and state program requirements, associated staff, and funding only if those requirements changed from the prior year's report. I am also directing the Department to provide a summary report of the Division's current and anticipated workload.

- 19. Request for Information 47, page 11: Department of Public Health and Environment, Disease Control and Environmental Epidemiology Division, Special Purpose Disease Control Programs, Ryan White Act** – The Department is requested to report annually to the Joint Budget Committee with regard to the AIDS drug assistance program. The report should be submitted on or before October 20, 2010. The report should include, but not be limited to: (1) the total and average monthly number of clients served, with a description of the demographic profile of the client population; (2) the total and average monthly costs to provide pharmaceutical products to those clients; (3) a listing of the pharmaceuticals on the formulary, the manufacturer of each product, and the respective average price for a month's supply of each product; and (4) the total amount of available funds, including state General Fund support, federal Title I and Title II support; and any other source as appropriate.

Comply with modifications. I am directing the Department to provide information concerning pharmaceuticals included on the formulary, their manufacturer, and average price only if this information has changed since the prior year's report. I am also directing

the Department to provide the information requested in items 1, 2, and 4 in the request for information by October 20, 2010.

- 20. Request for Information 50, page 11: Department of Public Safety, Totals** – The Department is requested to submit to the Joint Budget Committee a detailed report on the Department's use of HUTF funds, by division and program, on an annual basis beginning on November 1, 2008. Each annual report should include the amount of HUTF spent and the FTE employed for each program in the prior fiscal year, including detail on Colorado State Patrol FTE performing work for other divisions.

Comply with modifications. This request for information is for an annual report associated with departmental use of the Highway Users Trust Fund, as such I am directing the Department only to submit the November 1, 2010 report. Also in effort to better coordinate this information, I am directing the Office of State Planning and Budgeting to compile the report with assistance from the Departments of Public Safety, Revenue, and Transportation.

- 21. Request for Information 51, page 11-12: Department of Regulatory Agencies, Division of Registrations, Office of Expedited Settlement Program Costs** – The Department is requested to submit to the Joint Budget Committee, on or before November 1, 2010, a report detailing the method being used to track the number of legal service hours billed to the Office of Expedited Settlement by the Department of Law and the number of hours billed to the Office of Expedited Settlement for FY 2009-10 and the current fiscal year broken out by board.

Comply with modifications. The Department has provided information in response to a similar request for information in prior years concerning the detailed methodology for tracking legal services hours billed to the Office of Expedited Settlement. Therefore I am directing the Department to provide a detailed report of the tracking methodology only if it has changed since FY 2008-09 and to report the hours billed.

- 22. Request for Information 60, page 13: Department of Transportation, Administration** – The Department is requested to complete state budget forms for Administration personal services that provide information for each office or section within the Administration line item. This information should be sufficiently detailed to allow for Joint Budget Committee personal services common policies calculations. PERA and Medicare should also be provided by the individual section or office. Additionally, the Department should include subtotals for salary and FTE for each of the offices within the Administration line item information currently supplied.

Comply with modifications. I am directing the Department to comply with the Office of State Planning and Budgeting FY 2011-12 budget instructions when submitting it's FY 2011-12 budget request on November 1, 2010.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Ritter, Jr.", with a stylized flourish at the end.

Bill Ritter, Jr.
Governor

cc:

Executive Agency Directors
Todd Saliman, Office of State Planning and Budgeting
Representative Mark Ferrandino, Joint Budget Committee
Representative Cheri Gerou, Joint Budget Committee Elect
Representative Dickey Lee Hullinghorst, Joint Budget Committee
Representative Kent Lambert, Joint Budget Committee
Senator Mary Hodge, Joint Budget Committee
Senator Al White, Joint Budget Committee
John Ziegler, Joint Budget Committee Staff Director